

**ND RETIREMENT AND INVESTMENT OFFICE**  
**Combined Balance Sheet**  
**As of 6/30/2002**

	As of <u>6-30-02</u>	As of <u>6-30-01</u>
<b>ASSETS:</b>		
<b>INVESTMENTS (AT MARKET)</b>		
DOMESTIC EQUITIES	\$ 1,172,921,967	\$ 1,308,028,885
INTERNATIONAL EQUITIES	519,746,145	514,564,916
DOMESTIC FIXED INCOME	1,194,301,653	1,202,840,894
INTERNATIONAL FIXED INCOME	130,429,525	125,377,934
REAL ESTATE POOL	163,084,869	208,727,065
VENTURE CAPITAL	72,539,115	98,385,006
INVESTED CASH (NOTE 1)	<u>66,676,997</u>	<u>58,551,081</u>
 TOTAL INVESTMENTS	 3,319,700,271	 3,516,475,781
 <b>RECEIVABLES</b>		
DIVIDEND/INTEREST RECEIVABLE	16,315,075	20,263,974
CONTRIBUTIONS/ASSESSMENTS REC	5,783,738	6,616,070
MISCELLANEOUS RECEIVABLES	<u>76,372</u>	<u>2,166</u>
 TOTAL RECEIVABLES	 22,175,185	 26,882,210
 <b>OTHER ASSETS</b>		
INVESTED SECURITIES LENDING COLLATERAL (NOTE 2)	262,981,090	305,315,640
OPERATING CASH (NOTE 3)	7,366,262	6,187,672
DUE FROM OTHER AGENCIES (NOTE 4)	22,148	53,684
FIXED ASSETS (NET) (NOTE 5)	<u>6,003</u>	<u>8,684</u>
 TOTAL ASSETS	 <u><u>\$ 3,612,250,959</u></u>	 <u><u>\$ 3,854,923,671</u></u>
 <b>LIABILITIES:</b>		
ACCOUNTS PAYABLE	2,571,642	2,673,785
ACCRUED EXPENSES	343,095	240,023
SECURITIES LENDING COLLATERAL (NOTE 2)	262,981,090	305,315,640
DUE TO OTHER AGENCIES (NOTE 6)	<u>22,148</u>	<u>53,684</u>
 TOTAL LIABILITIES	 265,917,975	 308,283,132
 <b>NET ASSETS AVAILABLE:</b>		
NET ASSETS AVAILABLE BEGIN OF YEAR	3,546,640,539	3,701,142,773
CASH IN DURING YEAR (NOTE 7)	291,500,004	234,522,531
CASH OUT DURING YEAR (NOTE 8)	260,459,909	228,052,300
NET INCREASE (DECREASE)	<u>(231,347,650)</u>	<u>(160,972,465)</u>
 NET ASSETS AVAILABLE END OF PERIOD	 <u>3,346,332,984</u>	 <u>3,546,640,539</u>
 TOTAL LIABILITIES & NET ASSETS AVAILABLE	 <u><u>\$ 3,612,250,959</u></u>	 <u><u>\$ 3,854,923,671</u></u>

**ND RETIREMENT AND INVESTMENT OFFICE**  
**Combined Profit and Loss Statement**  
**For the Month Ended 6/30/2002**

	Month Ended 6-30-02	Year-to-Date
ADDITIONS:		
INVESTMENT INCOME		
INTEREST/DIVIDEND INCOME	\$ 10,148,771	\$ 117,660,636
SECURITIES LENDING INCOME	557,814	8,425,783
	<u>10,706,585</u>	<u>126,086,419</u>
GAIN ON SALE OF INVESTMENTS	29,580,708	383,370,440
LOSS ON SALE OF INVESTMENTS	<u>49,041,554</u>	<u>507,141,600</u>
NET GAINS (LOSSES) INVESTMENTS	(19,460,846)	(123,771,160)
INVESTMENT EXPENSES	1,067,242	10,623,860
SECURITIES LENDING EXPENSES	<u>462,826</u>	<u>7,364,516</u>
NET INVESTMENT INCOME	(10,284,329)	(15,673,117)
NET APPREC (DEPREC) MARKET VALUE	(145,769,920)	(200,321,494)
MISCELLANEOUS INCOME/(EXPENSE)	<u>(19,932)</u>	<u>(102,837)</u>
TOTAL INVESTMENT INCOME	(156,074,181)	(216,097,448)
CONTRIBUTIONS & ASSESSMENTS (NOTE 9)	5,986,486	54,487,550
PURCHASED SERVICE CREDIT (NOTE 10)	640,646	1,927,764
PENALTY & INTEREST (NOTE 11)	<u>63</u>	<u>(149)</u>
TOTAL ADDITIONS	<u>(149,446,986)</u>	<u>(159,682,283)</u>
DEDUCTIONS:		
BENEFITS PAID PARTICIPANTS (NOTE 12)	5,835,710	67,482,482
REFUNDS TO MEMBER (NOTE 13)	<u>61,230</u>	<u>2,743,408</u>
TOTAL BENEFITS PAID	5,896,940	70,225,890
ADMINISTRATIVE EXPENSES		
SALARIES AND BENEFITS	79,784	797,268
OPERATING EXPENSES	125,725	621,424
EQUIPMENT	<u>0</u>	<u>20,785</u>
TOTAL ADMINISTRATIVE EXPENSES	<u>205,509</u>	<u>1,439,477</u>
TOTAL DEDUCTIONS	<u>6,102,449</u>	<u>71,665,367</u>
NET INCREASE (DECREASE)	<u>\$ (155,549,435)</u>	<u>\$ (231,347,650)</u>

**ND RETIREMENT AND INVESTMENT OFFICE**  
**Notes to Combined Financial Statement**  
**June 30, 2002**

The following notes to financial statements are intended to provide general descriptions of line items in the financial statements.

NOTE 1            INVESTED CASH

Cash invested in the short-term investment fund (STIF/STEP) at The Northern Trust Company or a money market demand account at the Bank of North Dakota.

NOTE 2            SECURITIES LENDING COLLATERAL

Securities are loaned versus collateral that may include cash, U.S. government securities and irrevocable letters of credit. U.S. securities are loaned versus collateral valued at 102% of the market value of the securities plus any interest. Non-U.S. securities are loaned versus collateral valued at 105% of the market value of the securities plus any accrued interest. Non-cash collateral cannot be pledged or sold unless the borrower defaults. Cash open collateral is invested in a short term investment pool.

NOTE 3            OPERATING CASH

Money market and checking accounts at the Bank of North Dakota and RIO's operating account at the State Treasurer's Office.

NOTE 4            DUE FROM OTHER AGENCIES

Amounts paid in anticipation of the allocation of administrative expenses of RIO.

NOTE 5            FIXED ASSETS

Office furniture and equipment capitalized by RIO, shown net of depreciation. Depreciation is calculated straight-line, over five years.

NOTE 6            DUE TO OTHER AGENCIES

Amounts received from agencies in excess of amounts allocated for RIO administrative expenses.

**ND RETIREMENT AND INVESTMENT OFFICE**  
**Notes to Combined Financial Statement**  
**6/30/2002**

NOTE 7            CASH IN DURING YEAR

Cash transferred into investment accounts at either The Northern Trust Company or the Bank of North Dakota during the current fiscal year.

NOTE 8            CASH OUT DURING YEAR

Cash transferred out of investment accounts at either The Northern Trust Company or the Bank of North Dakota during the current fiscal year.

NOTE 9            CONTRIBUTIONS & ASSESSMENTS

Assessments on teachers' salaries of 7.75 percent of salary plus a matching contribution paid by the employer unit, for a total contribution and assessment of 15.5 percent that must be remitted monthly.

NOTE 10          PURCHASED SERVICE CREDIT

Payments received on the purchase of service credit for TFFR as allowed by the North Dakota Century Code.

NOTE 11          PENALTY & INTEREST

Amounts charged to school districts for late payment or reporting of contributions and assessments.

NOTE 12          BENEFITS PAID TO PARTICIPANTS

Monthly annuity benefits paid to retired teachers on the first of each month.

NOTE 13          REFUND TO MEMBERS

Refunds of teachers' accounts who have ceased teaching in North Dakota.